

FEDERAL RESERVE SYSTEM

12 CFR Part 226

[Regulation Z; Docket No. R-1075]

Truth in Lending

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Public hearings and request for comments.

SUMMARY: The Board will hold public hearings on predatory lending practices in the home-equity lending market, and invites consumers, consumer advocacy organizations, lenders, and other interested parties to attend and to provide written comments on relevant issues. The hearings will be held pursuant to the Home Ownership and Equity Protection Act of 1994, which amended the Truth in Lending Act to impose disclosure requirements and substantive limitations on certain closed-end mortgage loans bearing rates or fees above a certain percentage or amount. The act directs the Board to examine the home-equity loan market and the adequacy of existing Truth in Lending provisions in protecting the interests of consumers.

DATES: Hearings. The hearings are scheduled as follows:

1. Charlotte, North Carolina, July 27, 2000, 9:00 a.m. to 4:30 p.m.
2. Boston, Massachusetts, August 4, 2000, 9:00 a.m. to 4:30 p.m.
3. San Francisco, California, September 7, 2000, 9:00 a.m. to 4:30 p.m.

Comments. Comments from persons unable to attend the hearings or wishing to submit written views on the issues raised in this notice must be received by Friday, September 1, 2000.

ADDRESSES: Hearings. Hearings will be held at the following locations:

1. Charlotte, North Carolina, – Federal Reserve Bank of Richmond, Charlotte Branch, 530 East Trade Street.
2. Boston, Massachusetts – Federal Reserve Bank of Boston, 600 Atlantic Street.
3. San Francisco, California – Federal Reserve Bank of San Francisco, 101 Market Street.

Comments. Comments on the questions listed in this document should refer to Docket No. R-1075, and may be mailed to Ms. Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, D.C. 20551 or

mailed electronically to regs.comments@federalreserve.gov. Comments addressed to Ms. Johnson may also be delivered to the Board's mail room between 8:45 a.m. and 5:15 p.m. weekdays, and to the security control room at all other times. The mail room and the security control room, both in the Board's Eccles Building, are accessible from the courtyard entrance on 20th Street between Constitution Avenue and C Street, N.W. Comments may be inspected in room MP-500 in the Board's Martin Building between 9:00 a.m. and 5:00 p.m., pursuant to the Board's Rules Regarding the Availability of Information, 12 CFR part 261.

FOR FURTHER INFORMATION CONTACT: Kyung Cho-Miller, Counsel, or Jane E. Ahrens, Senior Counsel, Division of Consumer and Community Affairs, at (202) 452-3667 or 452-2412; for the hearing impaired only, contact Janice Simms, Telecommunication Device for the Deaf, (202) 872-4984.

For directions and other matters relating to the meeting facilities in Charlotte, contact Mary Chick, (704) 358-2495; in Boston, Cynthia Reardon, (617) 973-3512; in San Francisco, Lena Robinson, (415) 974-2422.

SUPPLEMENTARY INFORMATION:

I. Background

In 1994, the Congress enacted the Home Ownership and Equity Protection Act of 1994 (HOEPA) as an amendment to the Truth in Lending Act (TILA). HOEPA was a response to anecdotal reports of abusive lending practices whereby unscrupulous lenders made unaffordable home-secured loans to "house-rich but cash-poor borrowers." These cases frequently involved elderly and sometimes unsophisticated homeowners who were targeted for loans with high rates and fees and repayment terms that were difficult or impossible for the homeowners to meet. Oftentimes the transactions involved fraud or unlawful misrepresentations by lenders or brokers.

HOEPA does not prohibit creditors from making any type of home-secured loan, nor does it limit or cap rates that creditors may charge. Instead, the act identifies a class of high-cost mortgage loans through rate and fee triggers. For transactions covered by HOEPA, creditors must provide abbreviated disclosures to consumers at least three days before the loan is closed, in addition to the disclosures generally required by TILA. When combined with TILA's three-day right of rescission after the loan closing, the HOEPA disclosures afford consumers a minimum of six days to consider key loan terms before finally deciding to enter into a transaction. Transactions covered by HOEPA are also subject to substantive limitations that prohibit certain terms from being included in the loan agreement.

HOEPA directs the Board, in consultation with its Consumer Advisory Council, to conduct public hearings periodically to examine home-equity loans in the marketplace and consider the adequacy of federal laws (including HOEPA) in protecting consumers--particularly low-income consumers. In June 1997, within two years after HOEPA became effective, the Board held hearings on home-equity lending and HOEPA. The results of those hearings were summarized and submitted to the Congress by the Board and Department of Housing and Urban

Development (HUD) in July 1998, in a joint report concerning reform of TILA and the Real Estate Settlement Procedures Act.

Predatory lending practices in home-secured loans continue to receive attention from the Congress and regulatory agencies. The available information concerning predatory lending is essentially anecdotal; there is no ready method for measuring the amount of predatory lending or determining how prevalent a problem it represents. There are enough anecdotal reports, however, to suggest that predatory lending continues to be a problem. Abusive practices may involve, among other things, excessive fees and interest rates, unnecessary insurance, and fraud. Borrowers saddled with unaffordable payments can lose their homes. Excessive up-front fees combined with frequent refinancings (often referred to as "loan flipping") may also strip the equity from consumers' homes.

Given the wide range of practices that predatory lending may involve, a multifaceted approach to dealing with the problem, including both regulatory and nonregulatory strategies, is likely to be the most effective. This includes strengthening enforcement of current laws, voluntary industry action, community outreach efforts, and consumer education and counseling. Several bills taking different approaches to addressing predatory lending have been introduced in the Congress. Several states have enacted or are considering legislation. The Board has convened a nine-agency working group, including the five federal agencies that supervise depository institutions, HUD, the Office of Federal Housing Enterprises Oversight, the Department of Justice, and the Federal Trade Commission. The aims of the group are to tighten enforcement of existing statutes and to establish a coordinated approach to addressing predatory practices.

On May 24, the Board presented testimony at a hearing held by the House Committee on Banking and Financial Services on predatory lending and possible remedial actions. HUD and the Department of the Treasury have convened a National Task Force on Predatory Lending. The primary mission of the Task Force has been to collect information about predatory lending, provide data on the impact of predatory practices, and comment on existing legislative proposals for reform in order to provide a basis for HUD and Treasury to make recommendations for legislation to the Congress. To solicit information about local and national aspects of the predatory lending problem, HUD and Treasury held five public forums in Los Angeles, Chicago, New York, Atlanta, and Baltimore. On June 20, HUD and Treasury issued a report on their findings, that discusses possible ways to curb predatory lending and contains recommendations to the Congress regarding possible legislative action and to the Board regarding the exercise of the Board's regulatory authority under HOEPA.

The Board's home-equity hearings under HOEPA will be primarily focused on the Board's regulatory authority under that act, and specific ways that the Board might consider exercising that authority. As described below, the Board is authorized to make some adjustments to HOEPA's high-cost triggers that could affect the scope of the act's coverage. The Board is also directed by HOEPA to prohibit certain acts and practices in connection with mortgage loans if the Board makes the finding required by the statute. Based on information gathered during recent public hearings, the interagency discussions, and meetings with industry and consumer representatives, the Board has developed a series of questions for discussion at the HOEPA hearings and for public comment. These questions are intended to solicit views on the ways that

the Board might exercise its authority, and will be used to focus the discussion at the HOEPA hearings on possible regulatory approaches to deter predatory lending.

The Truth in Lending Act and HOEPA

The Truth in Lending Act (TILA) (15 U.S.C. 1601 *et seq.*) is intended to promote the informed use of consumer credit by requiring disclosures about its terms and cost. The act requires creditors to disclose the cost of credit as a dollar amount (the "finance charge") and as an annual percentage rate (the "APR"). Uniformity in creditors' disclosures is intended to assist consumers in comparison shopping. TILA requires additional disclosures for loans secured by a consumer's home and permits consumers to rescind certain transactions that involve their principal dwelling. The act is implemented by the Board's Regulation Z (12 CFR Part 226).

The Home Ownership and Equity Protection Act of 1994 (HOEPA), contained in the Riegle Community Development and Regulatory Improvement Act of 1994, Pub. L. 103-325, 108 Stat. 2160, amends TILA to impose disclosure requirements and substantive limitations on certain home-secured loans (closed-end installment loans) with rates and fees above a specified amount. A loan is covered by HOEPA if (1) the APR exceeds the rate for treasury securities with a comparable maturity by more than 10 percentage points, or (2) the points and fees paid by the consumer exceed the greater of 8 percent of the loan amount or \$400 (adjusted annually based on the consumer price index). HOEPA is implemented by section 32 of the Board's Regulation Z (12 CFR 226.32), effective in October 1995. 60 FR 15463, March 24, 1995.

HOEPA does not prohibit creditors from making any home-secured loan, nor does it limit or cap rates that creditors may charge. Instead, HOEPA layers disclosure and timing requirements onto the requirements already imposed for consumer credit transactions. Creditors offering HOEPA-covered loans must provide abbreviated disclosures to consumers three days before the loan is closed. The disclosures provide that consumers are not obligated to complete the closing, remind borrowers that they could lose their home if they fail to make payments, and state a few key cost disclosures, including the APR, the regular payment, and, if the loan has a variable rate, a "worst case payment" if rates increase as high and quickly as possible under the loan agreement.

In addition, creditors making HOEPA-covered loans are prohibited from including in their loan agreements, among other provisions: (1) balloon payments in loans with maturities of less than five years, (2) payment schedules that result in negative amortization, (3) higher default interest rates, and (4) prepayment penalties in most instances. Consumers entering into a HOEPA-covered loan may rescind the transaction for up to three years after closing if creditors fail to provide the early disclosures or if they include a prohibited term in the loan agreement.

Home-purchase loans are not covered by HOEPA. Although reverse mortgages are exempt from the HOEPA requirements imposed for traditional mortgages, reverse mortgages are subject to an alternative detailed disclosure scheme under HOEPA (implemented by section 33 of Regulation Z). Home-equity lines of credit (open-end credit) are also exempt from HOEPA, as congressional hearings preceding enactment did not reveal evidence of abusive practices connected with open-end home-equity lending.

In June 1997, the Board held hearings on home-equity lending and HOEPA in Los Angeles, Atlanta, and Washington, D.C. Participants were asked to address several topics, including the effect of HOEPA on homeowners seeking home-equity credit and on credit opportunities in the communities targeted by the legislation (for example, whether there had been changes to the volume or cost of home-equity installment loans); the effectiveness of the disclosures and suggestions for improvements; and whether any exemptions or prohibitions would be appropriate for the Board to consider under its HOEPA rulemaking authority. 62 FR 23189, April 29, 1997.

Those testifying at the hearings generally concurred that it was too soon after HOEPA's enactment to determine the effectiveness of the new law. However, consumer representatives reported continuing abusive practices by home-equity lenders of all degrees of sophistication. The hearings formed the basis for a detailed analysis of the problem of abusive lending practices in mortgage lending contained in a July 1998 report to the Congress by the Board and HUD on possible reforms to TILA and the Real Estate Settlement Procedures Act regarding mortgage-related disclosures. (The 1998 joint report is available at the Board's website address: www.federalreserve.gov/boarddocs/press/general/1998/.) Chapter 6 of the report suggested a multifaceted approach to curbing predatory lending practices, including some legislative action, stronger enforcement of current laws, and nonregulatory strategies such as community outreach efforts and consumer education and counseling. (See also Chapter 2 at page 17, Chapter 7 at page 76, and Appendix D.)

II. Public Hearings

Since HOEPA's enactment, the volume of home-equity lending has increased significantly. This overall growth in home-equity lending has been accompanied by a sharp boost in the subprime mortgage market. HUD reports that the number of subprime home-equity loans has increased from 80,000 in 1993 to 790,000 in 1998.

The growth in subprime lending brought a substantial increase in the availability of credit to borrowers having less-than-perfect credit histories and to other consumers who do not meet the underwriting standards of prime lenders. Because consumers who obtain subprime mortgage loans have, or perceive they have, fewer credit options than other borrowers, they may be more vulnerable to unscrupulous lenders or brokers. With the increase in the number of subprime loans, consumer advocates have been concerned for some time about the potential for a corresponding increase in the number of predatory loans. Some industry representatives have noted, however, that the trend toward securitizing subprime mortgages has served to standardize creditor practices and to limit the opportunity for widespread abuse.

To address concerns about predatory lending and consider approaches the Board might take in exercising its regulatory authority under HOEPA, the Board has scheduled three one-day hearings in Charlotte (Thursday, July 27), Boston (Friday, August 4), and San Francisco (Thursday, September 7). The hearings will seek statements from the public about home-equity lending in general, but will focus specifically on collecting testimony on the ways that the Board might use its rulewriting authority under HOEPA to address predatory lending practices in the home-equity market. To focus the discussion at the hearings, interested parties wishing to

present oral statements at the hearings (and persons submitting written comments to the Board) are asked to address the issues set forth below, as applicable:

A. Adjusting the HOEPA Triggers

HOEPA covers mortgage loans that meet one of the act's two "high-cost" triggers. A loan is covered if (1) the APR exceeds the rate for treasury securities with a comparable maturity by more than 10 percentage points, or (2) the points and fees paid by the consumer exceed the greater of 8 percent of the loan amount or \$400. The Board is required to adjust the \$400 threshold annually, based on the consumer price index; for 2000 the amount is \$451.

1. APR Trigger – HOEPA authorizes the Board to adjust the HOEPA trigger by 2 percentage points from the current standard of 10 percentage points above the U.S. Treasury securities with comparable maturities. Some consumer advocates and others have suggested that, based on the current APR trigger, only a small percentage of subprime mortgage loans are covered by HOEPA. They contend that lowering the APR trigger would allow HOEPA's protections to be extended to a broader class of transactions.

- Would lowering the APR trigger to 8 percentage points be effective in furthering the purposes of HOEPA, and if so, how?
- If the APR trigger were lowered, would such action have any significant impact on the availability or cost of subprime mortgage loans?

The Board also solicits comment on any available data regarding the percentage of subprime mortgage loans covered under the existing APR trigger, and the percentage of transactions that would be affected by lowering the trigger by 2 percentage points.

2. Points and Fees Trigger – A loan is covered by HOEPA if the points and fees paid by the consumer exceed the greater of 8 percent of the loan amount or \$400. For this purpose, "points and fees" include all items included in the finance charge and APR except interest, and all compensation paid to mortgage brokers. The act specifically excludes reasonable closing costs that are paid to unaffiliated third parties. HOEPA also authorizes the Board to add "such other charges" to the points and fees test as the Board deems appropriate. Accordingly, comment is solicited on what fees, if any, should be added to the calculation. In particular, comment is requested on the following:

a. Credit Insurance: Premiums paid for credit insurance that a borrower is required to purchase are finance charges that are currently included in both the APR and the points and fees test under HOEPA. But premiums paid for optional credit life insurance currently are not included in the points and fees test. Some consumer advocates assert that because these premiums are excluded, predatory lenders may avoid HOEPA coverage by "packing" loans with high-priced credit insurance that represents a significant source of fee income, in lieu of charging fees that would be included under the current HOEPA trigger.

- What would be the effect of including lump-sum premiums collected at closing for optional credit insurance in HOEPA's points and fees test? Should such premiums be included

only if they are paid to the creditor or an affiliate of the creditor, or only to the extent that the creditor receives compensation in connection with the sale of the insurance?

b. Prepayment Penalties: In some cases, prepayment penalties may provide fee income that is an additional incentive for creditors to encourage frequent refinancings that are not in a consumer's interest. If the consumer must pay a prepayment penalty to the same creditor that is refinancing the loan, the prepayment fee could be viewed as a cost of the new transaction.

- What would be the effect of including a prepayment penalty (assessed on the original loan) in HOEPA's points and fees test for the new loan when the loan is refinanced with the same creditor (or an affiliate)?

c. Points: Consumers who refinance their loans generally pay points on the entire refinanced amount.

- What would be the effect of adding any points paid by the consumer for the existing loan to the points and fees test when the same creditor (or an affiliate) refinances the loan within a specified time period?

The current points and fees test under HOEPA is complex. The statute allows many closing costs to be excluded from the calculation if they are reasonable and paid to third parties. The Board solicits comments on whether a better approach would be to recommend a statutory amendment that would include all closing costs in the points and fees test.

B. Restricting Certain Acts or Practices under HOEPA

The hearings will explore how the Board's regulatory authority under HOEPA to prohibit specific practices can be used to curb predatory lending. Under HOEPA, the Board is authorized to prohibit acts and practices:

- In connection with mortgage loans—if the Board finds the practice to be unfair, deceptive, or designed to evade HOEPA; and
- In connection with refinancings of mortgage loans—if the Board finds that the practice is associated with abusive lending practices or otherwise not in the interest of the borrower.

Comment is invited on the following specific approaches to dealing with predatory lending practices, and whether any new requirements or prohibitions should apply to all mortgage transactions, only to refinancings, or only to HOEPA-covered refinancings. Both regulatory and legislative proposals should be discussed.

1. Credit insurance. Premiums for credit insurance are often collected from the borrower at closing and added to the loan amount, increasing the total finance charges paid by the consumer. Consumer advocates express concern about high-pressure sales tactics, which may mislead consumers about whether the insurance is required. The Board previously recommended that the Congress consider prohibiting the advance collection of premiums for credit insurance policies in connection with HOEPA loans. If no statutory prohibition is adopted, should the Board regulate the conditions under which such policies are sold or financed? For example:

- What would be the effect of the Board's requiring the sale of single-premium policies to be accompanied by a disclosure that the coverage may also be available with periodic premiums? What other disclosures might be helpful?
- To address concerns about "insurance packing," what would be the effect of the Board's requiring that the sale of single-premium policies include a disclosure at the time of purchase of how unearned premiums will be rebated if the policy is cancelled or the loan is paid in full early?
- What would be the effect of requiring notification to borrowers, after the loan closing, of their right to cancel the policy and obtain a refund?
- What would be the effect of regulations prohibiting creditors from selling single-premium insurance products until after loan closing?

2. Unaffordable loans. Under HOEPA a creditor may not engage in a pattern or practice of extending credit based on the collateral if (given the consumer's current and expected income, current obligations, and employment status) the consumer will be unable to make the scheduled loan payments.

- Would additional interpretative guidance on the “pattern or practice” requirement be useful, or are case-by-case determinations more appropriate? If additional guidance would be useful, what elements of the requirement should the guidance address?

- What regulatory standards could the Board adopt for determining whether a creditor has considered the consumer’s ability to repay the loan in order to satisfy this requirement?

3. Refinancing lower-rate loans. When a consumer seeks a second mortgage to consolidate debts or to finance home improvements, some creditors also require the existing first mortgage to be paid off as a condition of providing the new funds. This ensures that the creditor will be the senior lien-holder, but may increase significantly the points and fees paid for the new loan. Is regulatory action appropriate to protect consumers from abuses and, if so, what type of action could be taken without restricting credit in legitimate transactions?

4. Balloon Payments. Depending on the circumstances, mortgages with a balloon payment feature may be attractive to some borrowers, but may harm other consumers. HOEPA currently prohibits balloon payments for high-cost loans that have terms of less than 5 years. Lenders that price their loans just below HOEPA’s triggers, however, might include balloon payments that force consumers to refinance the loan and pay additional points and fees.

- For loans not covered by HOEPA’s restriction on balloon payments, are any restrictions or additional disclosures needed in connection with balloon payments in order to prevent abusive practices?

- To avoid evasions of HOEPA’s restrictions on balloon payments, what would be the effect of the Board’s prohibiting “payable on demand” clauses for HOEPA loans unless such a clause is exercised in connection with a consumer’s default? (A similar limitation already exists for home-equity lines of credit.)

5. Prepayment penalties. Prepayment penalties allow creditors to recover their transaction costs if loans are prepaid earlier than expected. That rationale may not be relevant in cases where high rates and up-front fees are charged. In such cases, the penalty might be used to deter the consumer from refinancing the loan on more favorable terms.

- Is it feasible to limit the use of prepayment penalties to transactions where consumers receive, in return, a benefit in the form of lower up-front costs or lower interest rates? How might the existence of such benefits be measured?

6. Foreclosures. Consumers who have been victims of abusive practices must be afforded adequate opportunity to assert their rights in order to avoid unwarranted foreclosures. State law and local practice generally govern the procedures followed for foreclosures. Some states require actual notice to the consumer, but in other states notice by publication is sufficient. Even when consumers do receive notice, they may not get adequate information about their legal options.

- What would be the effect of setting minimum federal standards for foreclosures involving a consumer's primary dwelling? For example, a creditor might be required to provide the consumer with actual notice of (1) the applicable foreclosure procedures; (2) any legal rights the consumer may have to avoid the foreclosure; and (3) the specific amount that, if paid in accordance with the notice, will terminate the foreclosure.

7. Misrepresentations regarding borrower's qualifications. There is some concern that many borrowers who obtain high-cost loans may actually qualify for lower cost credit. Some brokers or creditors may provide consumers with false or materially misleading information that the consumer does not qualify for a lower cost loan based on the creditor's underwriting criteria. Such a practice generally would be illegal under state laws that protect against fraud and deception. What benefit to consumers might be achieved if the Board issued a rule that prohibited such misrepresentations as unfair and deceptive under HOEPA?

8. Reporting borrowers' payment history. Some creditors do not report to consumer reporting agencies subprime borrowers' good payment history in order to avoid having the borrowers solicited by competitors for a refinancing on more attractive terms. What would be the effect of requiring creditors that choose not to report borrowers' positive payment history to disclose that fact?

9. Referral to credit counseling services. What regulatory action would better enable consumers in general, or HOEPA borrowers in particular, to take advantage of any available credit counseling services?

10. HOEPA disclosures. In their 1998 report to the Congress, the Board and HUD recommended amendments to the required disclosures, including adding references to the availability of credit counseling, using more "user-friendly" text in the narrative reminders about the potential consequences for not making payments, and requiring the consumer's monthly income to be disclosed in close proximity to the consumer's monthly payment. Comment is requested on those recommendations. Comment also is solicited on whether additional information in the current HOEPA disclosures would benefit consumers. For example:

- The consumer must receive HOEPA disclosures three days before loan closing, specifying the APR and monthly payment amount. Due to the marketing practices of some lenders, consumers may not be aware of high up-front costs that will be financed. What would be the effect of the Board's requiring that the disclosure also include additional information, such as the total loan amount on which the disclosed monthly payment is based?

- For HOEPA loans, what would be the effect of requiring that consumers receive a complete Truth in Lending disclosure statement three days before closing?

11. Open-end home equity lines. HOEPA does not cover home-equity lines of credit. Is there evidence that lenders are using open-end credit lines to evade HOEPA? If so, what benefit might be derived from prohibiting the practice of structuring a home-secured loan as open-end credit in order to evade the provisions of HOEPA? How could such practices be identified and what limitations on these practices would be appropriate to effect the purposes of HOEPA?

Community Outreach and Consumer Education

In addition to issues concerning the Board's regulatory authority under HOPEA, views will also be elicited at the hearings about nonregulatory approaches to curbing predatory lending, such as community outreach and consumer education. Accordingly, the Board seeks comment on the following:

What community outreach activities and consumer education efforts are being pursued currently? Which types of products, programs, and delivery systems have been most effective? What other strategies might be implemented to reach the targeted populations? How might outreach and education efforts be tailored to address some lenders' and brokers' aggressive marketing practices? What role can government agencies play in increasing the effectiveness of these programs?

Additional Data

The Board seeks information about any studies or data pertaining to subprime lending or HOEPA loans that would be useful in determining how the Board might use its regulatory authority under HOEPA. For example, are there data regarding the percentage of HOEPA loans that result in foreclosures? Are there data regarding the effect of HOEPA disclosures showing the percentage of transactions cancelled by borrowers based on disclosures provided before closing?

III. Form of Statements and Comments

These hearings are open to the public to attend. Invited speakers will participate in panel discussions. In addition, about two hours is reserved for brief statements by other interested parties, starting at approximately 2:30 p.m. To allow as many persons as possible to offer their views during this period, oral statements should be brief (five minutes or less); written statements of any length may be submitted for the record. Interested parties who wish to participate during this "open-mike" period are asked to contact the Board in advance of the hearing date, to facilitate planning for this portion of the hearings. The order of speakers generally will be based on their registration at the hearing site on the day of the hearing.

Comment letters should refer to Docket No. R-1075, and, when possible, should use a standard typeface with a font size of 10 or 12. This will enable the Board to convert the text to machine-readable form through electronic scanning, and will facilitate automated retrieval of comments for review. Also, if accompanied by an original document in paper form, comments may be submitted on 3 1/2 inch computer diskettes in any IBM-compatible DOS- or Windows-based format.

By order of the Board of Governors of the Federal Reserve System, July 6, 2000.

(Signed) Jennifer J. Johnson

Jennifer J. Johnson
Secretary to the Board